

State of California

Memorandum



To: J. Fong, Branch Chief

Date: February 10, 2010

From: Brian A. Kwake
Department of Fish and Game

Audit Control Number
WA-09-08

Subject: Audit Report – Dana Wharf Sportfishing, Account Number [REDACTED]

On January 21, 2010, we completed an examination of the Dana Wharf Sportfishing license agent. The purpose of the examination was to evaluate the license agent's compliance with Division 2, Chapter 3, Article 2 (commencing with Section 1050) of the Fish and Game Code, the California Code of Regulations, (Title 14) and the Department of Fish and Game (DFG) License Agent Manual. The General Manager and Office Manager were present.

The scope of the audit was limited to a review of the license agent's sport fishing inventory.

In our opinion, Dana Wharf Sportfishing is in compliance with the provisions in the Fish and Game Code, California Code of Regulations and the DFG License Agent Manual, except for the weaknesses described in the Findings and Recommendations Section of this report.

We would like to thank the Dana Wharf Sportfishing staff for their time and cooperation. Should you have any questions, please contact Scott Marengo at (916) 445-3367.

Attachment

cc: D. Kalez, General Manager
Dana Wharf Sportfishing

Kevin Hunting, Chief Deputy Director
Department of Fish and Game

Helen Carriker, Deputy Director of Administration
Department of Fish and Game

Harriet Kiyan, Assistant Deputy Director of Administration
Department of Fish and Game

FINDINGS

AND

RECOMMENDATIONS

FINDING 1 Missing Inventory

We observed that Dana Wharf Sportfishing was unable to locate \$2,040 worth of missing inventory. The One-Day Sport Fishing license book number 20090104-619473 valued at \$255 could not be located. In addition, seven other One-Day Sport Fishing license books numbered 20090104-615622 through 20090104-615628 could not be located. Each of these seven books were valued at \$255, or a total of \$1,785. The auditor was provided a report by Dana Wharf which indicated these \$1,785 worth of licenses were sold at Dana Wharf on July 10, 2009. However, there is no evidence that these monies were reported to the Department of Fish and Game's (DFG) License and Revenue Branch (LRB). The dollar amount of the missing inventory and unreported sales totals \$2,040. These license books were issued to Dana Wharf Sportfishing during June 2009.

The DFG License Agent Manual contains a section titled *Consignment Accounts Inventory Statements*, page 12, which states, "Inventory Statements are sent to Agents each year in April and October. Upon receipt of the Inventory Statement, Agents must check their license inventory against the Inventory Statement. All discrepancies must be reported in writing to the DFG's License Agent Compliance Unit within 30 calendar days of receipt of the Inventory Statement." The section further states, "If discrepancies are not reported within 30 calendar days, the Agent will be responsible for all books listed on the Inventory Statement."

RECOMMENDATION

Dana Wharf Sportfishing should be held responsible for the value of the missing licenses and unreported sales totaling \$2,040, plus the related penalty and interest due as computed by the LRB.

FINDING 2 Incomplete License Book Documentation

We observed that Dana Wharf Sportfishing does not always date their license books with the actual date of sale. There were no exceptions noted during our fieldwork; however, we were provided with examples from LRB of returned license books from previous Dana Wharf license sales reports which identified sales on the front of the book cover, but contained no actual dates of sale inside the book cover. Further, LRB provided another example of license books containing dates which appeared to have originally been sold during February 2009 but were altered to March 2009.

Division 2, Chapter 3, Article 2, Section 1052 (d) of the Fish and Game Code states that it is unlawful for any person to predate, fail to date, or alter any date of any license, tag, or permit.

RECOMMENDATION

We recommend that Dana Wharf Sportfishing include the actual sales dates in all license books to comply with the DFG Code.

FINDING 3 Inadequate Separation of DFG Monies

Dana Wharf Sportfishing commingles all of its sales revenue onto one deposit slip into one bank account and also does not separate DFG license sale credit card transactions. Accordingly, there is no way to reconcile actual license sales back to a deposit slip or credit card slips.

Division 2, Chapter 3, Article 2, Section 1057 of the Fish and Game Code states that all license, tag, permit, reservation, and other entitlement money shall be accounted for separately from other funds of a license agent, and shall at all times belong to the state.

RECOMMENDATION

To improve accountability over license sales revenue, we recommend Dana Wharf Sportfishing adequately separate DFG license sale monies from their other revenues. Ideally, Dana Sportfishing should establish a separate bank account and deposit all DFG license sales revenue into this separate account. However, at a minimum, we recommend that Dana Sportfishing prepare separate deposit slips that reconcile to the daily license sales when depositing DFG monies into their bank account. In-addition, license sales credit card receipts should also be kept separate from their other credit card transaction receipts.